BIZJET MARKET CONDITIONS DETERIORATING, ANALYST FINDS

News / Business aviation

A continued weakening of the large-cabin market is leading the business aircraft market to new post-recession lows, according to the latest UBS Business Jet Market Index. UBS created the market index to track changes in market conditions based on surveys measuring customer interest, pricing, 12-month outlook, inventory and willingness to increase inventory.

The most recent index declined 13 percent, reaching its lowest point since late 2009, the market analyst said. The small-cabin index remains the strongest, but is still down 11 percent in December. The large cabin came in the weakest, down 17 percent. The North America market remains the strongest, still reflecting positive signs. But it was down 10 percent in December. The Latin America market is showing improvement but remains among the weakest measured by the UBS index. Market conditions continue to deteriorate in Asia, down 15 percent, while the Middle East is down 3 percent.

UBS found 61 percent of survey respondents reported a “significant negative impact” from weakness in emerging markets and currency devaluation. Sixty-five percent of the respondents believe the large-cabin segment is most affected by emerging markets and currency devaluation while only 12 percent pointed to small-cabin aircraft.

As a result of the large-cabin weakness, UBS is anticipating that General Dynamics will scale back its guidance on Gulfstream.

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